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IDAHO PUBLIC
UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE FILING)	Case No. IPC-E-02-08
BY IDAHO POWER COMPANY OF)	
ITS 2002 INTEGRATED RESOURCE)	SUR-REPLY OF CLEAN
PLAN (IRP))	ENERGY ADVOCATES ON
)	MOTION TO INITIATE
)	FORMAL PROCEEDING
)	

Idaho Rivers United, NW Energy Coalition, Land and Water Fund of the Rockies, and Idaho Rural Council ("Advocates") hereby file this sur-reply in support of their Motion to Initiate Formal Proceedings in the above matter. Although not provided for in the Commission's Rules of Procedure, Advocates assert that the Commission should accept and review this Sur-Reply brief because Idaho Power Company's Reply Comments on its 2002 Integrated Resource Plan (dated October 30, 2002) raise new issues bearing on Advocates' Motion herein.

In the alternative to the Commission's review of this Sur-Reply brief, the Advocates request the Commission hold oral argument on Advocates' Motion to Initiate Formal Proceedings.

Garnet PPA

Idaho Power's Reply Comments confirm that Idaho Power is unlikely to secure an agreement for purchases of electricity from the proposed Garnet power plant; and that alternative means of meeting customer load will need to be explored. Indeed, Idaho Power appears to already have engaged in negotiations to secure power purchase contracts from other sources in the regional market.

Advocates are left to wonder what relevance – if any – Integrated Resource Plans are to have with respect to the actual acquisition of resources by Idaho utilities. What meaning does the IRP hold if Idaho Power's actual plans to meet customer loads change radically between the time the Company submits its IRP and the Commission reviews it? The Advocates are concerned that the IRP process is now reduced to a paper exercise, and a waste of the Company's, the Commission's, and the public's time.

The Advocates believe – and hope the Commission believes as well – that the IRP holds more meaning than Idaho Power argues. The IRP should be a truly *integrated* look at the Company's resources and plans to meet customer loads; and further should be a document upon which the Commission and the public can rely when actual acquisitions of resources are proposed. The 2002 IRP filed by Idaho Power fails that test.

Energy Efficiency

Idaho Power alleges that consideration of available conservation savings in the IRP “would be inconsistent with prior Commission orders and has the potential to short-

circuit the Commission's recently approved Energy Efficiency Advisory Group (EEAG) process)." *Reply Comments at p. 4.*

Taking the Company's latter argument first, consideration of energy efficiency measures in the IRP could not possibly "short circuit" the EEAG; and indeed Idaho Power does not explain how this might happen. It is plain that consideration of the Garnet facility in the IRP did not "short circuit" the Company's negotiations over the Garnet PPA. As with its other resource acquisition efforts, the Company should have taken the detailed information that is available for energy efficiency investments (including information developed at the EEAG) for analysis and consideration in the IRP. Unfortunately, such analysis did not occur.

Idaho Power also argues that Commission precedent precludes the Company from closely considering potential investments in energy efficiency. Of course, the Commission's prior orders are precedential to the extent the facts and circumstances of the prior cases are applicable to the current matter. The circumstances of 2002 are markedly different from the circumstances in 1989, when the Commission issued Order No. 22636, from which the Company prominently quotes. Indeed, the 2002 IRP plainly demonstrates that Idaho Power has done a reversal since the time when it planned to "use conservation as [its] next resource" and generally had "new-found enthusiasm for conservation." Order No. 22636 at 51-52.

Moreover, the Commission's historic findings that there is not "sufficient industry experience in estimating the quantity, quality, and cost of conservation resources so that they are procurable and reliable," must be reevaluated under the circumstances of 2002. Although Idaho Power seems unwilling to acknowledge this fact, the energy efficiency

industry has matured sharply in recent years, as the testimony and information filed in IPC-E-01-42 (Garnet matter), IPC-E-01-7 and -11 (2001 PCA matter), IPC-E-01-13 (DSM docket), and IPC-E-02-2 and -3 (2002 PCA matter) all demonstrate. Indeed, increasingly precise information is available about the potential for investments in energy efficiency in the Northwest; but this information was disregarded by Idaho Power in its IRP. Moreover, it appears that a major thrust of the Order No. 22636 was to ensure that utilities “contract only for reasonably confirmable conservation resources.” Order No. 22636 at 52. Available energy efficiency resources today are certainly “reasonably confirmable” and should have been considered in the IRP.

Idaho Power eschews the need for and importance of “end-use” studies. *Reply Comments at 9*. However, it is plain that one first must ascertain the magnitude and character of a given DSM resource so that targets worth pursuit can be determined, strategies designed, budgets and implementation plans developed and resources acquired. If the first step—customer load research—is not taken, then the follow-up steps will not be forthcoming and no demand-side resource will accrue.

Conclusion

The Advocates do not believe the Commission will set a precedent for future IRP reviews by holding formal proceedings over Idaho Power’s 2002 IRP. The initiation of a formal docket in this matter will require an investment of time and resources by all parties and the Commission – but we believe this investment is worthwhile to ensure a meaningful and adequate IRP is ultimately approved for Idaho Power, and to assist all regulated utilities in preparing IRPs going forward.

RESPECTFULLY SUBMITTED, this 3rd day of December 2002.

A handwritten signature in black ink, appearing to be 'WE' followed by a long horizontal flourish.

William M. Eddie
Land and Water Fund of the Rockies

CERTIFICATE OF SERVICE

I hereby certify that on this 3rd day of December 2002, true and correct copies of the foregoing SUR-REPLY TO MOTION TO INITIATE FORMAL PROCEEDING were delivered to the following persons via the method of service noted:

Via Hand-Delivery:

Commission Secretary
Idaho Public Utilities Commission
427 W. Washington St.
Boise, ID 83702-5983

Via U.S. Mail:

Barton Kline
Greg Said
Idaho Power Company
P.O. Box 70
Boise, ID 83707-0070

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